

# COMET – Pension System Replacement Project

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Invitation to Partner  
Vendor Conference  
February 24, 2005

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# Conference Agenda

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- Opening Remarks
  - Introductions
  - Executive Comment
- Project Overview
  - Background/History
  - Challenges
  - Vision
  - Project Approach
- Key Information
  - Procurement Documentation
  - Key Dates for ITP Process
- Q & A



# Introductions

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- Project Executives
  - Jarvio Grevious, DEO, Benefits Administration
  - Ron Seeling, Chief Actuary
  - R. E. "Gene" Reich, AEO, Information Technology Services Branch



# About CalPERS...

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- Provides world class retirement and health benefits to:
  - 1.4 million members
  - 2,500 employers
- Assets totaling \$182.8 billion
- Largest public pension fund in the nation and the third largest in the world



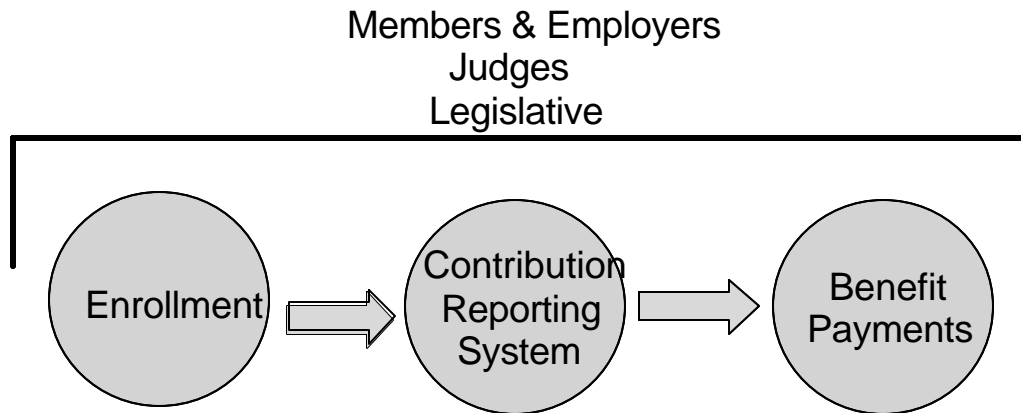
# Project Overview

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In the Beginning....

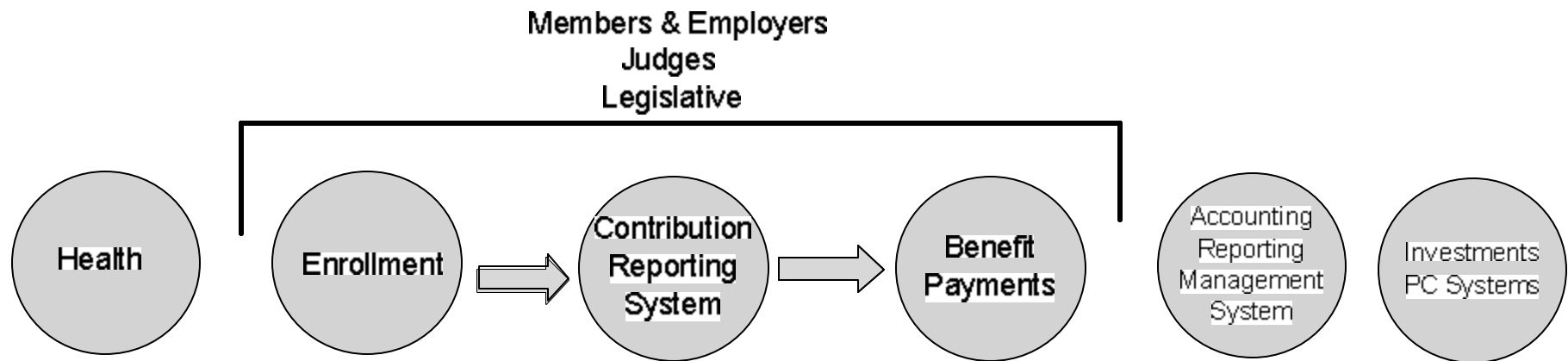
# Legacy Systems - Background

- In the late 70's, CalPERS automated its primary Retirement functions:
  - Enrollment
  - Contribution Reporting
  - Benefit Payments



# Legacy Systems - Background

- During the 70's and 80's, CalPERS continued automating its business functions.
- All systems were "standalone" and batch-oriented.





# Challenges

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- Technology

- Systems Integrity/ Data Reliability
- Data Redundancy/ Inaccuracy
- Aging technology and skill sets
- No integration between systems
- No online capability
- Y2k

- Operational

- Major obstacle to providing “world class” customer service
- Designed to service a single program or division
- Data not available to other Divisions or external customers
- Inability to respond to stakeholder needs in timely manner
- Increasing dependence on consultants



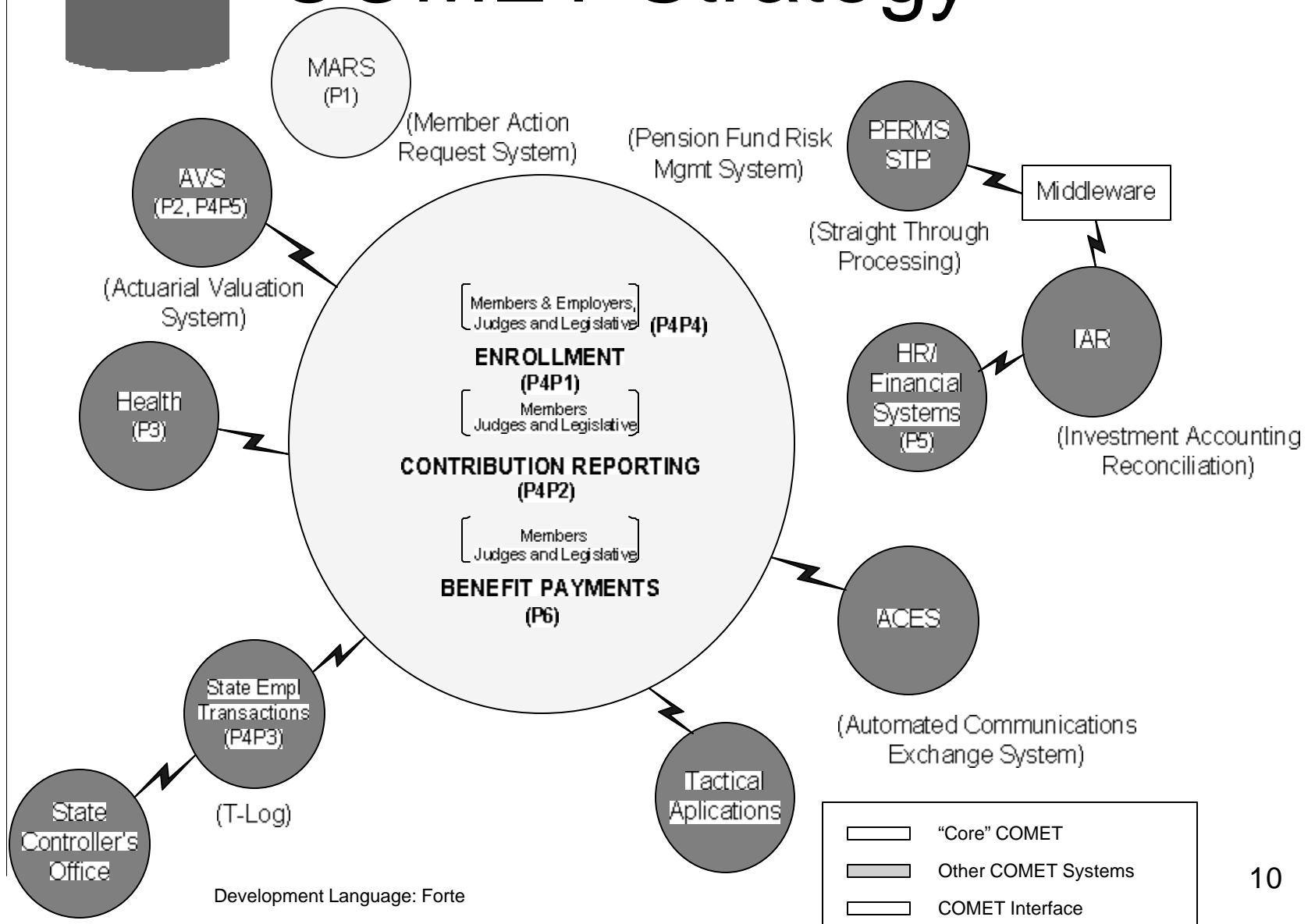


# Solution to Challenges – COMET Strategy

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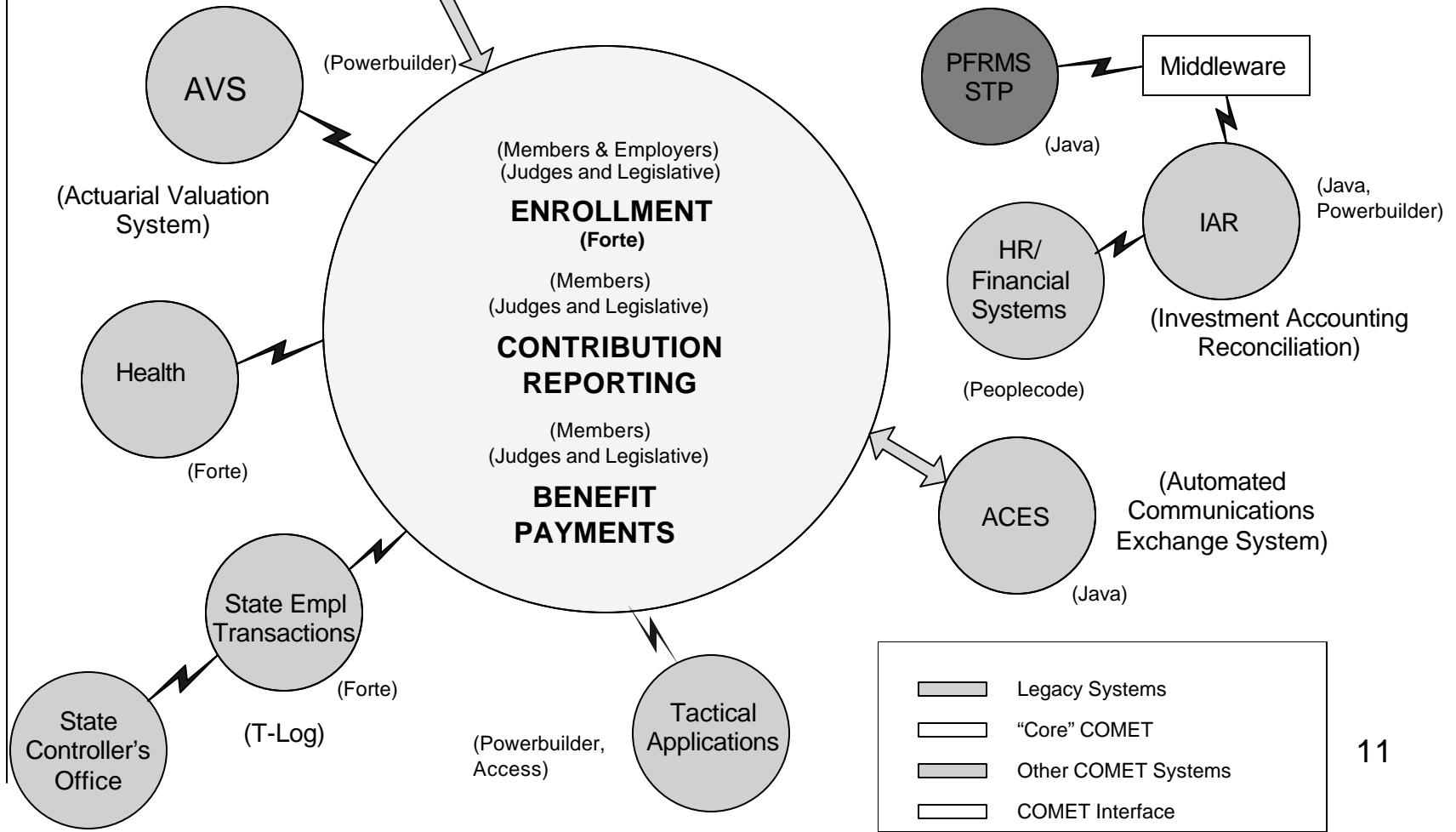
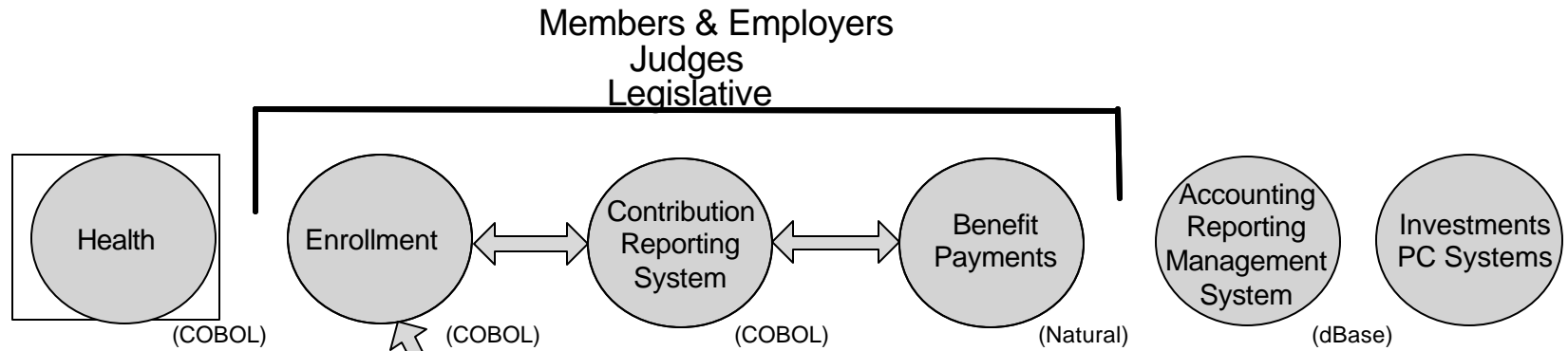
- Replace legacy systems (in Phases)
- Consolidate Pension Information into a Single Corporate Database
- Develop customized systems to meet CalPERS “unique” requirements; use Forte as the development language
- Add related systems that interface to Pension System

# COMET Strategy



LEGACY

COMET



- Legacy Systems
- "Core" COMET
- Other COMET Systems
- COMET Interface



# What Happened?

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- We only partially replaced the legacy systems.
- We only completed one-third of the consolidation to the new database. We built “bridges” between the old and new systems creating complex synchronization issues
- Assumed full legacy system replacement by 2010; adopted a short term solution
- Forte programming language utilized in original consolidated database design is no longer supported after 2006.



# Status Quo or “Return to Legacy” were NOT Options.....

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## Business

- Systems cannot respond easily to new business requirements (e.g., Airtime)
- Higher risk of inaccurate data due to synchronization issues
- In 2010, Y2k problem – no benefit payments
- Difficult to implement customer service improvement strategies

## Technical

- Requires more use external consultants
- Cannot support the Forte Language
- Increases cost of maintaining systems
- Requires a very complex technical infrastructure



# What were the Real Options?

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- Develop a new strategy
  - Not feasible from a technical or economic perspective
- Complete the COMET Project and leverage what has already been done.
  - Original concept was sound
  - Set CalPERS up for a new way of doing business in the future



# What Do We Need to Do to Complete the COMET Strategy?

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- Decommission the legacy Enrollment system
- Convert the Forte language to a more universal language (Java)
- Complete the conversions of Contribution Reporting, Benefit Payment and Judges and Legislative Legacy Systems to the Consolidated Data Base



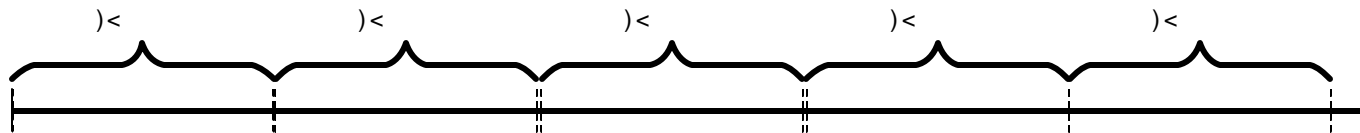
# Estimated Timeline for Completing Path Forward

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<u>Activity</u>	<u>Estimated</u>
■ Define Business Requirements	10/2004 – 04/2005
■ Invitation to Partner	02/2005 – 05/2005
■ Request for Proposal	06/2005 – 12/2005
■ Migrate Forte to Java	02/2005 – 12/2006
■ Decommission Legacy Enrollment	01/2005 – 12/2005
■ Contingency Y2k Extension	01/2008 – 12/2008



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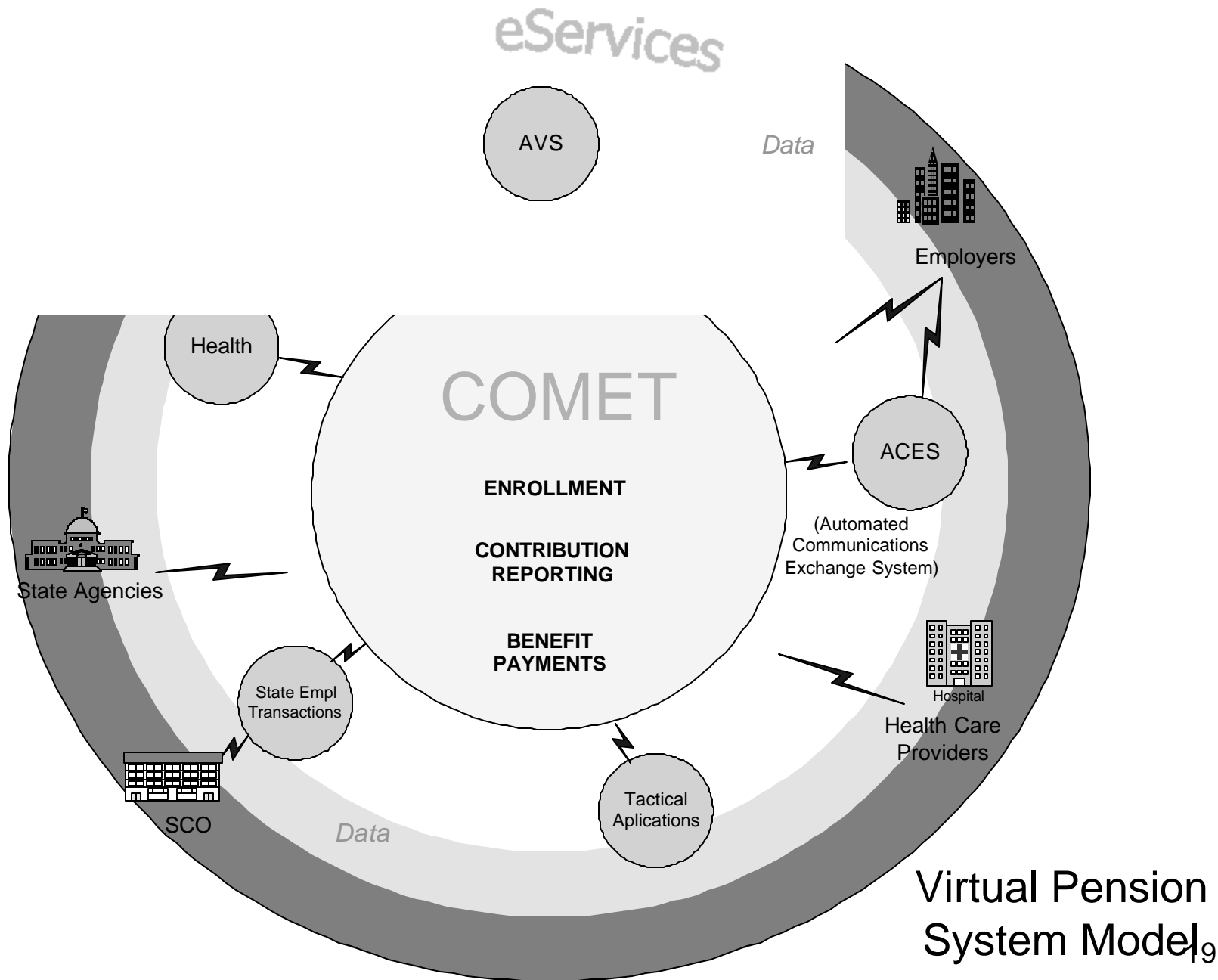
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# "Business Driven" Approach...

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Setting the Vision





# Strategic Goals or “*PSR Top 10*”

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1. Provide a system addressing all of the fundamental business requirements of California's public pension system
2. Allow flexibility to implement required benefit/pension changes in a timely manner
3. Facilitate self-service access to account information and initiation transactions
4. Enhance the integrity of pension related data
5. Facilitate financial traceability and reconciliation between Enrollments, Benefits, and Contributions



# Strategic Goals or “*PSR Top 10*”

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6. Facilitate movement to a paperless operational environment
7. Facilitate a reduction in IT operations support and costs related to the retirement line of business
8. Assist CalPERS in enforcing compliancy with mandated laws, regulations and policies
9. Facilitate the work environment movement from clerical to analytical processes
10. Simplify pension related information across all CalPERS processes enabling a common understanding by all staff



# Key Information...

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# Key Information

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- As of March 1<sup>st</sup>, all PSR procurement documents will be available on the web:
  - ITP and any addenda
  - Required forms
  - Presentation slides
  - Questions and Answers (updated daily)
- Hardcopies will need to be requested via the PSR Solicitation Mailbox



# Key Information

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- Key Dates for ITP Process
  - Filing Period Begins      04/04/05
  - Filing Period Ends      05/23/05
  - Final Selection      05/31/05





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Q and A